YUKON UTILITIES BOARD
2013-14 ANNUAL REPORT

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THE BOARD

The Yukon Utilities Board was established pursuant to the *Public Utilities Act,* Revised Statutes, 1986. c. 143, as amended. Section 2 of the Act defines the Board as comprised of not less than three and not more than five members. Section 4 provides for the appointment of a substitute member to act in the absence of a member of the Board. The Chair, Vice-Chair and members are appointed by the Minister of Justice for terms of three years. Members can also be appointed to serve subsequent terms, at the discretion of the Minister of Justice.

The Board office is located at Unit 19, 1114 First Avenue (second floor of the Horwood's Mall) in Whitehorse, Yukon. Our mailing address is:

Yukon Utilities Board
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Whitehorse, Yukon Y1A 6L3

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The Board retains independent legal advisors and qualified technical consultants, and it contracts with a part-time Executive Secretary.

The Board regulates two electrical utilities in the Yukon, the Yukon Energy Corporation (YEC) owned by the Government of Yukon, and the privately owned Yukon Electrical Company Limited (YECL). The Board carries out such other functions as are required by the *Public Utilities Act* and as directed by the Minister of Justice as ordered through the territorial government's Orders-in-Council.

Under Section 52 of the *Public Utilities Act*, and following the principles of natural justice, the Board may, with respect to an inquiry:

- exercise the exclusive jurisdiction and authority to determine any question of fact, law or mixed fact or law required to be decided;
- receive such evidence or other information as it considers appropriate, whether or not such evidence is given under oath or affirmation, and whether or not it would be admissible in a court of law;
- exercise the powers, privileges, and immunities of a Board of Inquiry under the *Public Utilities Act*;
- determine the persons to whom notice of any proceedings shall be given; and
- determine its own procedures.

Board Orders are reviewable by the Yukon Court of Appeal.

The Board's authority includes carrying out investigations and reviews at the request of the Minister of Justice pursuant to the *Public Utilities Act*, namely Regulation of Public Utilities (Part II) and the regulation of Energy Projects (Part III). The Board is also empowered to investigate complaints and initiate investigations it deems necessary in the interest of ratepayers generally (Part IV).

Funding for public hearings can only be authorized by the Minister of Justice.

MEMBERSHIP

Board membership during the reporting period consisted of:

Chair	Bruce McLennan
Vice-Chair	Robert Laking
Member	Naresh Prasad
Member	Andre Fortin
Member	Robert (Les) Boisvert (as of June 11, 2013)

BOARD SUPPORT

Board Support during this reporting period was provided by:

Executive Secretary	Deana Lemke, Beyond Words Business Services Whitehorse, Yukon
Technical Support	Alberta Utilities Commission
Regulatory Legal Support	Alberta Utilities Commission

THE YEAR IN REVIEW

Board Meetings

There were 24 Board meetings in this fiscal year, held on the following dates:

April 11, 2013
May 23, 2013
June 6, 2013
June 17, 2013
June 24, 2013
June 24-25, 2013
July 5-18, 2013
July 11-15, 2013
August 5-6, 2013
August 27-28, 2013
September 6, 2013
September 13, 2013 (Aug. 4 to Sept. 13)
October 23-31, 2013
November 3, 2013
December 17, 2013
January 13-14, 2014
February 3, 2014
February 11-14, 2014
February 16-17, 2014
February 23-24, 2014
March 8-10, 2014
March 11, 2014
March 14-18, 2014
March 19-20, 2014

CANADIAN ASSOCIATION OF MEMBERS OF PUBLIC UTILITY TRIBUNALS (CAMPUT)

The Yukon Utilities Board continues to be an active member of the Canadian Association of Members of Public Utilities Tribunals (CAMPUT). The Board relies on CAMPUT and the Alberta Utilities Commission to be the primary provider of Board member training.

Vice-Chair Bob Laking attended the CAMPUT Conference and Annual General Meeting in St. John's, NL September 6 to 13, 2013. It is noteworthy that at this event the 2013 CAMPUT Award for Innovation and Leadership was presented to the Alberta Utilities Commission for its leadership in guiding a consultative process with stakeholders to introduce changes to utility disconnection and reconnection.

Chair Bruce McLennan and Vice-Chair Bob Laking attended the CAMPUT conference in Niagara Falls, ON May 4 to 9, 2013. The conference theme was "Serving the Public Interest: The Regulator's Balancing Act". Conference sessions considered a variety of topics such as the interaction between policy, politics and regulation, the green economy, and how to deal with headline-grabbing energy issues.

PROCEEDINGS

The Board was involved in the following proceedings during this fiscal year:

Yukon Energy Corporation General Rate Application

This proceeding was carried over from the previous fiscal year. In response to Board Order 2013-01, the Board's decision respecting Yukon Energy Corporation's General Rate Application, YEC submitted its compliance filing. The Board rejected YEC's compliance filing

The Board approved YEC's request to establish and maintain a hearing cost reserve account going forward. The Board directed YEC to continue to apply any secondary sales to income (with adjustments to the Rider F account as currently occurs for variances in the rate from the GRA forecast). The Board rejected YEC's revised Diesel Contingency Fund proposal. YEC was directed to refile its compliance filing.

The Board reviewed YEC's revised compliance filing and approved its request to set an ongoing Rider J at 11.01% for all non-industrial retail firm rates and 7.36% for industrial firm rates effective July 1, 2013, applicable to all YEC and YECL firm retail and industrial rates, including fixed Rider F and fixed monthly payments for major industrial rates. All YECL recoveries from this rider were directed to flow through to YEC. The changes to the rider were directed to be applied to all consumption on and after the July 1, 2013 effective date.

The Board approved a time-limited Rider R of 3.62% to be in effect from July 1, 2013 to June 30, 2014, applicable to all YEC and YECL firm retail and industrial rates. All YECL recoveries from this rider were directed to flow through to YEC. Effective July 1, 2014, Rider R was directed to be set to zero. The changes to the rider were to be applied to all consumption on and after the effective dates (July 1, 2013 and July 1, 2014 respectively).

The cost awards for the YEC GRA proceeding were approved through Board Order 2013-08 issued September 13, 2013.

Yukon Electrical Company Ltd. General Rate Application

The Board received a General Rate Application from Yukon Electrical Company Limited (YECL), requesting an order approving a forecast revenue requirement for the 2013, 2014 and 2015 test years, an interim refundable rate rider effective July 1, 2013, approval for the continued use of deferral accounts listed in the application, approval to discontinue purchasing third party distribution line (property) insurance after July 1, 2014 and approval of the updated depreciation parameters. The GRA proposed a revenue requirement of $54,956,000 for 2013, $58,707,000 for 2014, and a revenue requirement for 2015 of $61,187,000.

The Board approved, on a refundable basis, an interim rate adjustment rider, Rider R, in the amount of 6.5% for all electrical consumption on or after July 1, 2013.

An oral public hearing was held November 4 to 7, 2013, during which the Board considered extensive evidence and the written argument and reply argument of the parties respecting the YECL's application.

This proceeding carried over to the next fiscal year.

Yukon Energy Corporation LNG Project Proceeding

On December 30, 2013, the Board received a letter and terms of reference from the Yukon Minister of Justice directing the Board to carry out a review and prepare a report with recommendations in accordance with the terms of reference respecting Yukon Energy Corporation's (YEC) Whitehorse Diesel to Natural Gas Conversion Project which was designated in OIC 2013/200 as a regulated energy project under Part 3 of the *Public Utilities Act*.

The Minister's terms of reference directed the Board to hold a public hearing as required in relation to the application submitted to the Minister by YEC on December 9, 2013, under Part 3 of the *Public Utilities Act* for an energy project certificate and an energy operation certificate regarding the project.

The Whitehorse Diesel to Natural Gas Conversion Project was described in the terms of reference as a project to modernize the existing YEC Whitehorse

thermal generating station to meet growing requirements for reliable and flexible thermal generation on the Yukon grid, including the replacement of two diesel generating units (9.1 MW total capacity) scheduled for retirement by 2015 with up to three new modular natural gas-fired generating units (13.1 MW total capacity) supplied by liquefied natural gas (LNG), and the installation of LNG truck offloading, storage, vapourization, and related infrastructure. YEC wished to begin construction of the project during the 2014 construction season.

The Minister's terms of reference further stated that a proposal respecting the Whitehorse Diesel to Natural Gas Conversion Project was submitted in November 2013 to the Yukon Environmental and Socio-economic Assessment Board and was subject to a screening by the Executive Committee of YESAB. This process would lead to a recommendation by the Executive Committee and a response by the Government of Yukon and other decision bodies in the form of a "decision document". Any government authorizations issued in support of the project, including any energy project certificate or energy operation certificate under Part 3 of the *Public Utilities Act*, would have to conform to this decision document.

The Board was directed to provide a report and recommendations on the potential benefits, costs, risks and customer impacts that influence whether the Whitehorse Diesel to Natural Gas Conversion Project should proceed as proposed by YEC, and any terms and conditions that the Board considered should apply.

The Board held a hearing into this matter March 31 through April 3, 2014. A public session was also held the evening of March 31, where members of the public were invited to make comments regarding YEC's project proposal.

This proceeding carried over to the next fiscal year.

For more information on the above-noted proceedings, please refer to the original submissions and Board Orders located on the Board's website:
http://yukonutilitiesboard.yk.ca/proceedings/

BOARD ORDERS

Below is a summary of Board Orders approved by the Board during this reporting period. All Board Orders can be viewed on the Board's website at http://yukonutilitiesboard.yk.ca/policy/board-orders/

Order No.	Date	Order
2013-02	June 6, 2013	YECL 2013-15 GRA Proceeding and Notice of Application
2013-03	June 17, 2013	YEC 2012-13 GRA Compliance Filing
2013-04	June 24, 2013	YEC 2012-13 GRA Revised Compliance Filing approval
2013-05	June 25, 2013	YECL 2012-15 GRA interim refundable rates
2013-06	August 6, 2013	YECL 2012-15 GRA IR Response deadline extension
2013-07	August 28, 2013	UCG Motion re YECL IR Responses
2013-08	September 12, 2013	YEC 2012-13 GRA Cost Awards
2014-01	January 14, 2014	YEC LNG Project proceeding and Notice of Hearing
2014-02	February 3, 2014	YEC LNG Project proceeding interveners
2014-03	February 14, 2014	UCG Motion re YEC LNG Project proceeding
2014-04	March 18, 2014	UCG and YCS-LE Motions re IR Responses
2014-05	March 20, 2014	YEC Motion re Roberts evidence